Alberta

Weekly Economic Review

January 15, 2010

Housing Starts and New House Prices

Alberta housing starts rising…

New housing starts in Alberta rose 5.4% in December to 27,400 units (seasonally adjusted at annual rates). On a year-over-year basis, starts continued to improve for a third consecutive month, up 37% in December. Preliminary actual figures show that for 2009, activity was almost 34% lower compared to 2008, but the decline was much smaller than anticipated by analysts in the summer of 2009.

Housing starts in the Edmonton region increased on a year-over-year basis for a sixth consecutive month in December, and more than doubled from a year ago. Meanwhile, housing starts in the Calgary area rose for a fourth consecutive month, up 63.0% from December 2008. Despite the recent turnaround in new housing activity, starts for all of 2009 trail activity reported in 2008 in both Edmonton (-4.5%) and Calgary (-44.8%).

Prices begin to rise…

New home prices in Alberta improved slightly (0.2%) in November, following a flat reading in the previous month. Although prices were still 7.1% below the previous year's level, the pace of annual decline has moderated since April. In Edmonton, prices rose marginally (0.1%) during the month, while Calgary recorded a 0.4% improvement.

Nationally, new home prices rose 0.4% in November, the fifth consecutive monthly improvement, and were only 1.4% lower than the previous year.

Canadian Dollar (US¢/CS)	
January 15, 2009	97.21
January 08, 2009	96.67
2009-10 YTD	90.85
WTI Oil US$/bbl	
January 14, 2009	$ 79.39
January 07, 2009	$ 82.66
2009-10 YTD	$ 68.70
Nymex Natural Gas CS/MMBtu *	
Near-month Contract	
January 15, 2009	$ 5.82
January 08, 2009	$ 5.90

*Estimate based on Nymex Futures Market Price

Building Permits

Value of building permits declines…

The value of building permits in Alberta decreased 23.7% in November to just over $1.1 billion, largely due to declines in the non-residential sector (-40.4%). However, the value of building permits was 8.0% higher than November 2008 and more than double the level in February 2009, when the lowest value during the economic downturn was recorded. Nationally, contractors took out $5.9 billion in building permits in November, down 4.6% from October, and reflecting decreases in the non-residential sector which outweighed increases in the residential sector.

International Merchandise Trade

Surplus reverts back to deficit in November…

Canada's merchandise trade balance turned from a surplus of $503 million in October to a deficit of $344 million in November. The 1.1% growth in Canadian exports, due to rising prices and the strength of energy products, was not enough to outstrip the 3.9% growth in imports. A strong Canadian dollar could pose a significant strain on export growth, while a strong domestic economy would keep import growth intact.

New Motor Vehicle Sales

Vehicle sales drop in November…

Following two months of increases, new motor vehicle sales in Alberta declined 8.3% in November. On a year-over-year basis, sales were down 21.3%.

Alberta

CURRENT ECONOMIC INDICATORS

Overall Economy	2007	2008	2009YTD*	Jul	Aug	Sep	Oct	Nov	Dec
Real GDP (in 2002 $billions)	185.9	185.8	--	--	--	--	--	--	--
% change	2.5	0.0	--	--	--	--	--	--	--
Nominal GDP ($ billions)	256.9	291.3	--	--	--	--	--	--	--
% change	7.7	14.1	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,513	3,596	3,688	3,688	--	--	3,704	--	--
% change	2.7	2.4	2.6	2.6	--	--	2.3	--	--
Net Interprovincial Migraton[1] (level)	33,809	15,317	23,006	4,737	--	--	-2,535	--	--
Net International Migration[1] (level)	16,372	20,039	20,074	6,089	--	--	7,976	--	--
Net Non-permanent Residents[1] (level)	14,105	18,536	19,058	2,594	--	--	2,439	--	--
Labour Market									
Employment (000's)	1,959	2,013	1,988	1,986	1,979	1,982	1,967	1,980	1,994
% change	4.7	2.8	-1.3	-1.6	-1.6	-1.9	-3.4	-2.3	-1.0
Unemployment Rate (%)	3.5	3.6	6.6	7.2	7.4	7.1	7.5	7.4	6.7
Average Hourly Wage Rate	6.0	5.7	4.3	4.6	5.9	3.7	3.9	2.5	1.4
Average Weekly Earnings[2]	5.8	6.0	3.5	4.1	1.2	0.6	2.5	--	--
Labour Income[3]	10.5	8.7	1.7	0.3	-1.6	-1.9	--	--	--
Price Indices									
Consumer Price Index	5.0	3.1	-0.2	-1.5	-1.7	-1.1	0.1	0.8	--
Excluding food and energy	5.0	2.1	1.5	1.4	1.3	1.4	1.8	1.0	--
Non-Res. Const. Cost Index[4] (quarterly)	17.4	13.2	-9.3	--	--	-14.8	--	--	--
Farm Product Price Index	15.1	11.2	-10.6	-16.6	-17.3	-18.8	--	--	--
Crops	43.4	26.2	-22.9	-26.5	-23.6	-20.2	--	--	--
Livestock	0.6	2.3	0.4	-9.8	-15.4	-13.2	--	--	--
Household Sector									
Housing Starts (SAAR, 000's) NEW!	48.1	29.0	19.2	19.3	20.1	22.6	26.6	26.0	27.4
% change	-2.1	-39.7	-33.7	-32.0	-13.7	-6.2	5.6	26.8	37.0
New Housing Price Index	22.5	0.7	-9.2	-9.3	-8.9	-8.9	-7.9	-7.1	--
Edmonton NEW!	32.1	1.0	-11.3	-11.1	-11.4	-11.4	-10.1	-9.8	--
Calgary	16.2	0.6	-7.0	-7.3	-6.3	-6.4	-5.6	-4.2	--
MLS Average Resale Prices	24.3	-1.4	-3.9	-2.4	0.2	1.3	2.6	3.5	--
Edmonton	34.3	-2.0	-4.1	-3.1	-3.3	0.7	0.4	0.0	--
Calgary	18.7	-2.9	-5.2	-5.2	-0.4	1.1	2.9	4.4	--
Retail Sales	9.3	-0.1	-9.6	-8.4	-10.1	-8.8	-7.0	--	--
New Motor Vehicle Sales NEW!	3.3	-7.3	-23.2	-18.6	-20.6	-15.6	-13.3	-21.3	--
Business Sector									
Public and Private Investment[5]	9.1	3.6	-17.2	--	--	--	--	--	--
Mining and oil and gas[5]	0.3	-1.4	-28.2	--	--	--	--	--	--
Rigs Drilling	-35.2	-2.1	-45.6	-66.2	-62.7	-54.1	-50.9	-35.6	-3.8
Goods Exports (customs based)	5.3	34.6	-39.2	-43.9	-42.6	-40.3	-39.6	--	--
Energy	4.4	42.5	-44.1	-48.0	-45.1	-42.3	-41.3	--	--
Agriculture	9.8	32.0	-7.4	-6.8	-9.3	-23.8	-23.8	--	--
Total Farm Cash Receipts (quarterly)	11.9	17.2	-6.7	--	--	-16.1	--	--	--
Manufacturing Shipments	1.1	7.0	-23.9	-32.7	-25.8	-28.8	-24.9	--	--
Wholesale Trade	5.0	10.9	-14.2	-16.8	-22.5	-20.3	-23.8	--	--
Building Permits NEW!	13.4	-16.5	-21.3	-29.8	-7.6	-8.0	77.1	8.0	--
Residential	10.7	-31.5	-17.3	-9.5	39.1	40.8	53.6	50.5	--
Non-residential	17.1	3.7	-24.8	-46.1	-46.9	-46.0	101.3	-20.2	--

Government of Alberta
Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30).2009 YTD population numbers are final for the census year.

[2] The average weekly earnings series was extensively revised on March 31, 2009 and is no longer comparable with numbers in previous Bulletins

[3] Total income earning in Alberta including wages and salaries, and supplementary income.

[4] Average of Calgary and Edmonton.

[5] 2009 total based on revised investment intentions, 2008 preliminary actuals, and 2007 actuals; 2009 mining and oil and gas based on initial investment intentions.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

Alberta

CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Autumn 2009)											
Real GDP Growth											
2008 (actuals, Statistics Canada)	***0.4%***	0.5%	0.5%	2.2%	0.0%	1.0%	-0.5%	2.0%	4.2%	**0.0%**	0.0%
2009	***-2.3%***	-3.6%	0.9%	0.4%	0.4%	-1.4%	-2.9%	0.5%	-2.6%	**-2.6%**	-2.0%
2010	***3.0%***	-0.5%	1.8%	1.9%	2.0%	2.4%	3.2%	2.5%	3.7%	**3.0%**	4.2%
Population (As of October 1, 2009)											
Population	**33,873,357**	510,272	141,374	940,397	750,457	7,856,881	13,119,251	1,226,196	1,034,974	**3,703,979**	4,479,934
Annual Growth Rate[a]	***1.2%***	0.5%	0.7%	0.3%	0.4%	1.0%	1.0%	1.4%	1.6%	**2.3%**	1.6%
Net Interprovincial Migration											
2009 Census Year (July 1, 2008 to June 30, 2009)		2,332	-559	-1,255	-537	-10,666	-18,738	-1,541	4,108	**23,006**	4,673
2010 Census Year (July 1, 2009 to June 30, 2010)		863	-283	320	38	-120	-1,748	-712	823	**-2,535**	3,457
Employment											
Level Change (000s)[b]	**-184.0**	1.3	2.0	-1.0	-2.4	-17.1	-117.8	-4.6	2.6	**-20.1**	-27.0
Percent Change[b]	***-1.1%***	0.6%	3.0%	-0.2%	-0.7%	-0.4%	-1.8%	-0.8%	0.5%	**-1.0%**	-1.2%
Unemployment Rate, 2009 avg (SA)	***8.3***	15.5	12.1	9.2	8.9	8.5	9.1	5.2	4.8	**6.5**	7.6
Participation Rate, 2009 avg (SA)	***67.3***	59.3	68.0	64.6	64.7	65.2	67.3	69.4	70.2	**74.3**	66.0
Average Weekly Earnings											
October 2009	**831.17**	810.87	705.11	735.05	756.42	767.62	857.05	789.85	815.22	**953.69**	805.57
Y/Y Percent Increase[c]	***1.7%***	4.6%	5.0%	1.2%	2.3%	70.0%	1.6%	5.1%	3.0%	**2.5%**	1.8%
2009 Wage Settlements (Jan-Nov)										**2.2%**	
CPI Inflation											
November Annual	**1.0%**	1.1%	1.9%	1.7%	2.2%	1.7%	1.0%	0.8%	0.8%	**0.8%**	0.1%
Excluding Shelter	**2.0%**	1.7%	3.3%	2.6%	2.5%	2.2%	2.2%	1.3%	1.6%	**2.1%**	1.2%
Housing Starts (000s)											
SAAR December 2009 NEW!	**174.5**	4.0	1.3	3.5	3.9	49.7	56.0	3.8	4.2	**27.4**	20.8
Retail Sales											
Percent Change[d]	**-0.2%**	5.2%	1.7%	4.2%	1.9%	1.5%	0.3%	1.8%	-0.6%	**-7.0%**	0.7%
2009 YTD Retail Sales Growth	**-4.4%**	1.9%	-1.1%	-1.2%	-1.2%	-2.0%	-3.9%	-2.0%	-2.9%	**-9.6%**	-7.1%
Manufacturing Shipments											
Percent Change[d]	**-17.2%**	-22.1%	-10.8%	-16.9%	-29.3%	-15.4%	-15.4%	-19.3%	-16.7%	**-24.9%**	-17.0%

a. Over the past 12 months
b. December 2009 Y/Y change, unadjusted for seasonal effects
c. Updated to October 2009
d. October 2009 Y/Y change, unadjusted for seasonal effects
SA-Seasonally Adjusted, SAAR-Seasonally Adjusted Annual Rate
Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada